

Memorandum

To: CHAIR AND MEMBERS
Airspace Advisory Committee

Date: January 31, 2001

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Airspace Advisory
Committee

From: DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY PROGRAM
Mail Station 37

Subject: Use of Caltrans' Properties for Affordable Housing

The California Transportation Commission (CTC), at its January 17-18, 2001, meeting, asked the Airspace Advisory Committee (AAC) to re-examine the issue of affordable housing opportunities related to Caltrans' airspace and other properties.

This subject was initially discussed by the AAC at its October 11, 2000, meeting but was focused on the use of airspace directly above or below freeways. Since that time, Patricia W. Neal, Deputy Secretary for Housing in the Business, Transportation and Housing Agency, has expanded the review of Caltrans' properties for affordable housing to include excess parcels and underutilized properties including park and ride lots and maintenance station sites.

On January 17, 2001, Ms. Neal made a presentation to the CTC and discussed the possibility of developing affordable housing on excess parcels in Upland and Hayward and park and ride lots in the Los Angeles basin. Ms. Neal reiterated that existing law requires Caltrans to sell excess land at current appraised market value or lease airspace at current market rent.

CTC members' questions focused on the feasibility of developing affordable housing on Caltrans' sites which must be sold or leased for market value and where development would be at market cost. The discussion ended with the suggestion that the AAC re-examine the issue of affordable housing on Caltrans excess parcels and underutilized facilities to see if the AAC had any suggestions as to how such sites might become a viable element of an affordable housing development.

As a matter of additional information, Streets and Highways Code Section 118(a)(1) does allow the following favorable financing terms when improved and unimproved real property is sold or exchanged for the purpose of housing for persons and families of low or moderate income:

- A payment period not to exceed 40 years;
- A down payment of at least 5 percent;
- An interest rate equal to the average rate returned by the Pooled Money Investment Board for the past 5 fiscal years immediately preceding the year in which the payment is made;

- The above terms only apply if the proposed development or sale does not qualify for financing from other sources and if the financing makes feasible the provision of low and moderate-income housing.

It is Caltrans' policy that subordination of the Department's deed of trust is limited to easements required by public utilities or public agencies in connection with a public project.

The CTC and the Department would greatly appreciate your input regarding the feasibility of developing affordable housing on Caltrans' properties. This matter will be on the AAC's April 11, 2001, meeting agenda for further discussion.

Original Signed by

D. GENE MATTOCKS, Chief
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